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T H E
Borden
C O M P A N Y

1947
Ninetieth Anniversary

A N N U A L



R E P O R T



BOARDS

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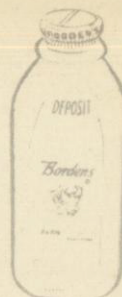
MRS.
Corp. File



EVAPORATED MILK



ICE CREAM



FLUID MILK & CREAM



FEED SUPPLEMENTS



DESSERT CHEESES



PLASTIC ADHESIVES



HOT CHOCOLATE



MODIFIED MILK



PRESCRIPTION FOODS



CHEESE SPECIALTIES



PURE INSTANT COFFEE



NONFAT DRY MILK SOLIDS



M A R C H 1 , 1 9 4 8



B O R D E N

Stockholders'
Bulletin

INFORMATIVE COPY
Check enclosed for

THE 152nd CONSECUTIVE DIVIDEND



A Message from the President

IN VIEW OF THE HIGH COST OF EQUIPMENT and new construction, the management will continue to follow a conservative policy in regard to capital expenditures during 1948. For this purpose, a budget of \$11,940,000 has been approved—to be spent mainly for replacements of worn out equipment.

All of last year's budget was not spent because of the shortages of materials, construction delays and inability to obtain deliveries. Therefore, we have a carry-over of \$6,000,000 which brings our total program for this year to \$17,940,000.

We plan to use very little of this amount for purposes of expanding facilities. The costs of plant modernization and replacing trucks, machinery and refrigerating equipment are so high that most of our budget will be spent in this way. Excessive construction costs have made it necessary for us to defer new building projects for the time being.

THEODORE G. MONTAGUE
President

SOY BEAN PLANT READY

Our new soy bean solvent extraction plant at Kankakee, Ill., will go into full operation early in March. One of the most modern vegetable oil processing units in the United States, it will supply important ingredients to the pharmaceutical, candy and baking trades. It will also produce soy bean oil and meal for use in BORDEN's poultry and animal feed supplements and for other specialized fields.

The plant will employ between 50 and 100 people. It is located in the heart of Illinois' rich agricultural area where excellent water, power and transportation facilities materially contribute to economic operation of a plant of this type.

FROZEN MILK IN CHINA

Americans residing in China received a new lift, recently, when, for the first time since their arrival in the Orient, they were able to obtain wholesome homogenized milk.

Because of the dangers involved, few travelers drink the milk produced in China. But, BORDEN's has helped to solve their problem by developing a method for quick-freezing homogenized milk. Processed in our San Francisco plant, the milk is frozen in containers in special refrigerating rooms at 25 degrees below zero and sent by ship to Shanghai.

Then, it is carried inland, by plane, to Nanking and Tientsin where it is thawed out and served in the usual way. Regularly scheduled flights are now being made to both cities. First developed for use in the Armed Forces, BORDEN's frozen milk is finding growing use on ocean-going passenger steamships.



REVAMP OREGON PLANT

Our Manufactured Products Division has begun work on an extensive renovation program at its Albany, Oregon, evaporating plant. Contractors are now rebuilding the milk receiving room, adding a second story for can storage which will double present capacity. Also, the evaporating room is being almost completely revamped.

Work on the receiving room includes installation of a new tile floor, tile sidewalls and the installation of the most modern types of machinery and equipment, making this plant a fully up-to-date facility. It is expected that this work will be completed late this year.

CONTEST A SUCCESS

As you probably know, our big calf-naming contest is over and Elsie's son has a worthy name. Winner of the \$7,500 first prize is Mrs. Gurnee Williams of Kirkwood, Missouri.

Mrs. Williams, just out of the hospital, received the glad news from Win Elliott, Master of Ceremonies on BORDEN'S "County Fair" radio program who called to tell her that her sugges-



tion, "Beauregard" and accompanying essay, had triumphed over a field of 939,997 entries.

"Beauregard" fits in nicely with our future advertising plans. While the final analysis of the results is not complete, we know the contest was wholly successful in winning

a host of new friends for the Company. Each of the 939,997 contestants submitted the label from some BORDEN product he or she had purchased.

The winning name was submitted by 393 qualified entrants. Prizes totaling \$25,000 were distributed to 811 successful contestants. A complete list of prize winners and their awards can be obtained by writing to Elsie, 350 Madison Avenue, New York 17, N. Y.

Elsie's friends already have adopted Beauregard for their very own. In the coming months he will appear on novelty counters all over the nation in the forms of castile soap, infant's toys, dolls and handkerchiefs.



THE ANNUAL REPORT

The 1947 Annual Report to stockholders and employees is scheduled to go into the mails on March 19th. The management has tried to make the Annual Report interesting as well as informative. In addition to the President's Report and the financial statements, it will contain special features on our stockholders, purchasing activities and our new plastics operation.

HONOR BORDEN'S DRIVERS

During 1948, we will pay special tribute to about 550 BORDEN employees who have safely driven the Company's vehicles for fifteen consecutive years.

Special pins have been awarded since 1933 to drivers with clean safety records; but, when so many employees began hitting the 15-year



mark, it became apparent that these conscientious men should be honored in some special way. So, starting this year, each will receive a pocket watch, engraved with his name and

enviable record. In addition, he will receive the gold and black, diamond-studded lapel pin customarily awarded for such service.

Under our safety award program, bronze pins are presented for the first and third years of safe driving, silver pins for the fifth and seventh years, gold and yellow for the tenth year and, of course, the diamond-studded gold pin for the fifteenth year.

WINE CLARIFIER

Our Casein Company of America Division is increasing its limited output of a grade of Protovac, a casein product which vintners use in producing brilliantly-clear wines. This Protovac helps to settle sediment and has a desirable mild bleaching action on certain types of wine, such as Sauternes, that tend to become off-color in some sections of the country. In addition, be-

cause of its own high protein content, Protovac adds to the quality of the wine.

Other grades of Protovac are available for use in leather finishes, paints, shoe polishes, latex stabilizers, textile sizes, paper coatings, floor waxes and cosmetics.

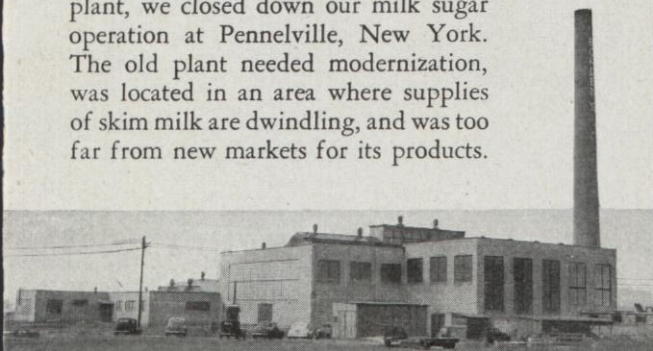


BOSCobel PLANT FINISHED

Our new whey extraction plant at Boscobel, Wisconsin was completed in February. Start of operations there will permit improvements which had been delayed because of war and postwar shortages. Providing enlarged manufacturing facilities, the new plant should also turn out better products and reduce operating costs.

Functioning as a unit of our National Milk Sugar Company Division, the plant was designed to produce a wide variety of products for the pharmaceutical and food field trades. Its output will be limited to industrial products — such as milk sugar and lactalbumen.

With the opening of the Boscobel plant, we closed down our milk sugar operation at Pennelville, New York. The old plant needed modernization, was located in an area where supplies of skim milk are dwindling, and was too far from new markets for its products.



CHEESE CHOPS FOR LENT

Current cheese prices are tempting more housewives to try new cheese recipes. For a tasty, satisfying Lenten Season main dish, serve the Cheese Chops being featured in our national advertising. Here's the recipe:

1/2 pound BORDEN'S Chateau, diced	1/4 cup butter
2 tsps. prepared mustard	1/4 tsp. pepper
1 tbsp. chopped parsley or chives	1 tsp. salt
20 crackers, crumbed	2 eggs, beaten

Mix together the cheese, butter, mustard, pepper, salt, chopped parsley or chives, beaten eggs and cracker crumbs. Shape like chops and sauté until brown. Serves six.

Cover them with a tangy horseradish-mustard sauce. For this and other Lenten recipes, pre-tested in the BORDEN Kitchen, write Consumer Services, BORDEN'S, 350 Madison Avenue, New York 17, N. Y.



THE BORDEN COMPANY

350 MADISON AVE., NEW YORK 17, N. Y.

Printed in U.S.A.

WITH THE COUNTRY looking to American business for goods and services, jobs and dividends, the workings of a corporation should be a matter of public interest. To encourage a better understanding of how a typical American company operates, in this Report we talk plainly, and in considerable detail, about the activities of our Company. Addressing the Report to employees as well as stockholders, we hope that it will find an even wider audience.

The Report shows that the Company during 1947 provided its customers with nearly \$603 million worth of goods. Most of this money went to the principal groups that look to the Company for revenue. Payments to them, as compared with 1946, were as follows:

Paid to farmers	\$310 $\frac{1}{4}$ million,	up 7%
Paid to employees	101 $\frac{1}{4}$ million,	up 14%
Paid to government as taxes.....	18 $\frac{1}{2}$ million,	down 5%
Paid to stockholders	10 $\frac{3}{4}$ million,	up 14%

After meeting all the other costs and expenses, we had left \$9 million, which was put back into the business so that the interests of all groups will be better served.

In presenting this Report I thank the stockholders on behalf of my colleagues and myself for their continued confidence in management.

Sheldon G. Montague
President

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Chairman of the Board

HAROLD W. COMFORT
Executive Vice President

CHARLES A. ECKBURG
Vice President

L. MANUEL HENDLER
*Hendler Creamery Company
Baltimore*

ROBCLIFF V. JONES
New York

CHARLES F. KIESER
Vice President

LESTER LE FEBER
Milwaukee

MADISON H. LEWIS
New York

THEODORE G. MONTAGUE
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MARCUS M. MUNSILL
Spencer Trask & Co.

THOMAS I. PARKINSON
*President, The Equitable Life
Assurance Society of the United States*

HENNING W. PRENTIS, JR.
President, Armstrong Cork Company

BEVERLEY R. ROBINSON
Milbank, Tweed, Hope & Hadley

HARRY A. ROSS
Vice President

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Chairman

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STUART PEABODY, *Assistant Vice President*

THEODORE O. HOFMAN, *General Controller*

HARRY L. CAMP, *General Auditor & Asst. Treas.*

A. BROOKS PRAY, *Assistant Treasurer*

EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK

11 Broad Street, New York 15, N. Y.

COUNSEL

MILBANK, TWEED, HOPE & HADLEY
15 Broad Street, New York 5, N. Y.

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York 5, N. Y.

AUDITORS

HASKINS & SELLS
1 East 44th Street, New York 17, N. Y.

THE PRESIDENT'S REPORT to Stockholders and Employees

Looking back, we remember 1947 as the year of uneasy prosperity. The people's purchasing power remained high. Farmers' incomes rose to new peaks, and the Company's business moved along at a brisk pace. On the surface, all seemed well. But, underneath, inflation was at work and progressed so far that it could be called by no other name.

General prices were pushed upward by inflationary forces which necessarily affected the prices of our own products. But the advances in our prices were relatively small except in the case of butter, a minor item in the business. Generally, prices of dairy products increased less than those of other foods.

While consumers viewed this rising trend with concern, they benefited from the ample supplies flowing smoothly over America's "life line." Contending with both physical and economic problems, and beset by the uncertainty of price fluctuations, the food industry did an outstanding job. For meeting this unusual situation cooperation was needed at every stage in food production and distribution.

Producing for both home and foreign consumption, the farmer turned out almost as much food as in the banner crop year of 1946. In the case of milk, production was exceeded only in one wartime year. Milk output was encouraged by the favorable weather and the wider use of farm machinery.

Although the farmer continued to improve his efficiency, per man output in our own business failed to keep pace with higher wages. So the inevitable happened—here was proof that increased wage rates, unless accompanied by increased per man productivity, bring higher unit costs and make for higher product prices. And, of course, this combination of factors—operating in other industries as well as our own—contributed materially to inflation.

Prices of our principal products were not greatly influenced by Government buying. Grain

purchases for export were, however, a factor contributing indirectly to higher milk prices. In 1948, the story may be different, its outcome dependent upon the amount of dairy products and grains exported to Europe.

While there was a falling-off in sales of some foods, staples of high nutritive value remained in good demand. A well-fed people, Americans held to the high standards of eating developed during the war. There was, of course, increased rivalry for the consumer's dollar. But the expected competition of durable consumer household goods, reaching the market in considerable volume, did not seriously affect our sales.

The uneasiness which prevailed in 1947 may well extend into 1948. Yet this prospect should not cause pessimism.

Looking forward to another successful year our plans are founded on the basic nature of our business, the high birth rate, the determination of Americans to remain well-fed, and confidence in the ability of our organization to serve the public at the lowest possible cost.



THE FINANCIAL PICTURE

SALES

The Borden Company and its consolidated subsidiaries had dollar sales totaling \$602,959,406 in 1947. Increasing for the eighth successive year and establishing a new high record, they rose 11% over 1946 sales of \$542,998,805. While dollar sales rose, the volume of products sold varied considerably, with increases in the case of some products, and declines in others. A more complete report on various operating activities is set forth in subsequent pages.

NET INCOME

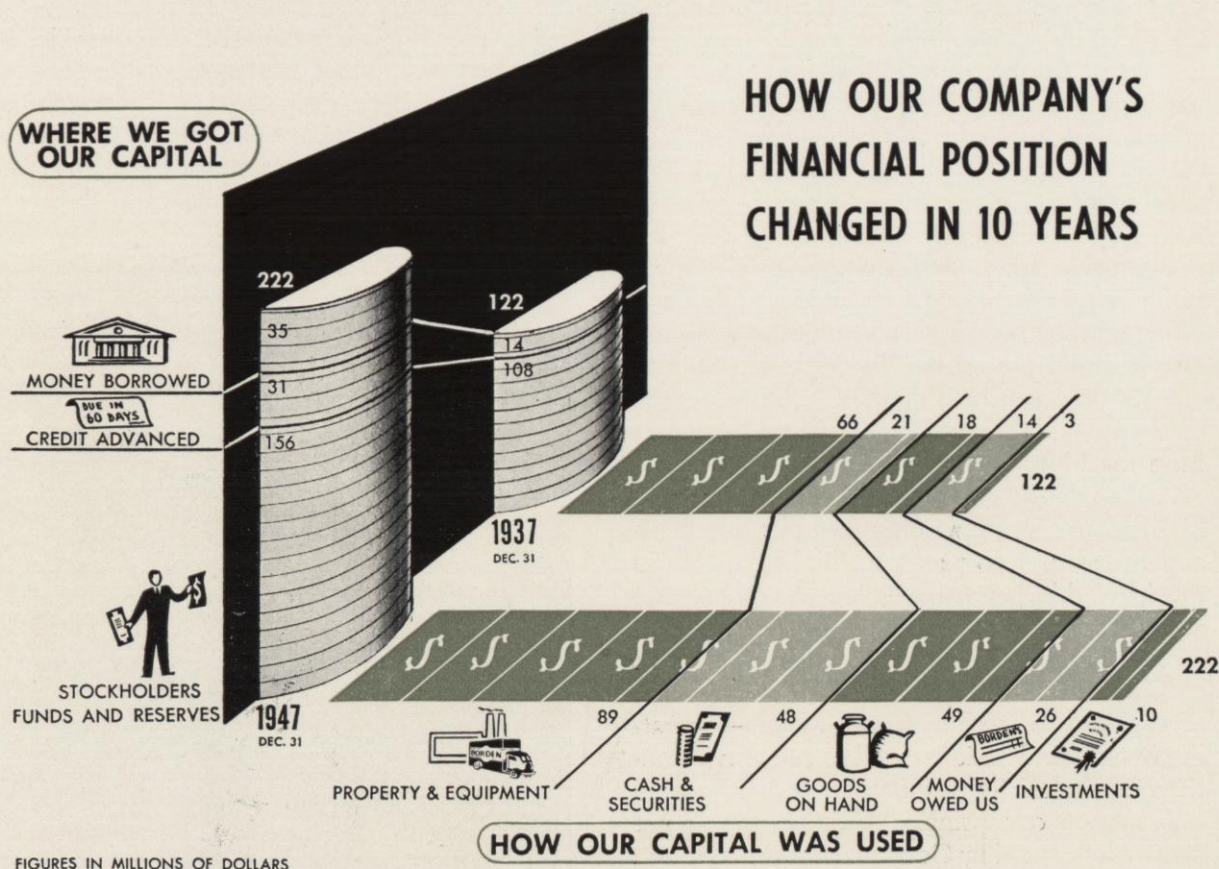
Our net income totaled \$19,793,276, as compared with \$19,581,006 earned in 1946. Our earnings equaled \$4.61 per share of stock, or 3.3 cents per dollar of sales. In 1946, when there were slightly fewer shares of stock outstanding, we earned \$4.64 per share, or 3.6 cents on the sales dollar. This decline in the profit on the

sales dollar came at a time when general conditions called for, and justified, a higher return. An adequate profit could not be earned because of heavy increases in operating costs.

Our share in the earnings of unconsolidated subsidiary companies, both foreign and domestic, amounted to about \$1,800,000 as compared with \$715,000 in 1946. Inasmuch as these subsidiaries rely largely on their own earnings to finance development, no dividends were received from them in either year.

DIVIDENDS

We paid dividends amounting to \$2.55 per share, carrying our record of consecutive dividends through its 49th year. Interim dividends of 60 cents each were paid March 1st, June 2nd and September 2nd and a final dividend of 75 cents on December 20th. Total dividends were 30 cents per share higher than in 1946.



In determining dividends, the Board of Directors recognized the need of protecting the equity of stockholders and properly servicing our customers. Consequently a sizeable portion of earnings had to be retained to cover the cost of replacing equipment, for which depreciation charges were insufficient.

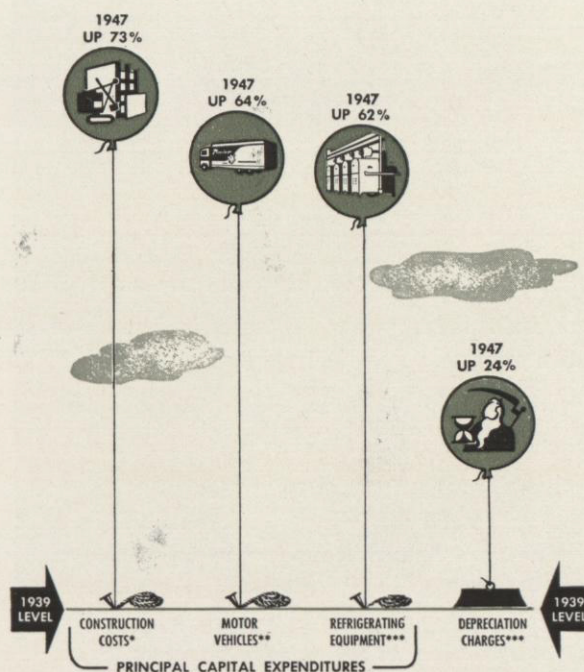
CAPITAL EXPENDITURES

Our 1948 budget for capital expenditures is \$11,940,000, chiefly for replacements needed in our plants, refrigerating equipment, and fleet of trucks. To this sum will be added a carryover of almost \$6,500,000, which was authorized in previous years but not spent because of shortages of materials and delays in obtaining delivery.

Since building costs and prices of many items of equipment seemed excessive, we followed a conservative approach in making these expenditures. As a general policy, we spent only where facilities were essential in developing new business, or where the existing plant or equipment could no longer be efficiently operated.

DEPRECIATION

Our depreciation charges totaled \$7,703,212. They are based on the original cost of plants and equipment—not what it would cost to replace these facilities. If depreciation were figured on today's replacement costs, the charges would be higher and our earnings, of course, would be correspondingly lower.



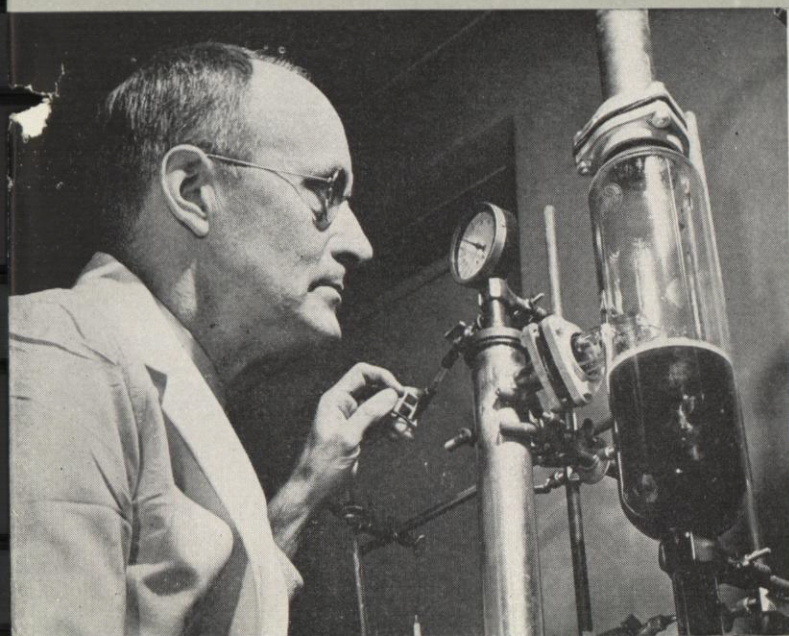
CONSTRUCTION AND REPLACEMENT COSTS SOAR ABOVE DEPRECIATION CHARGES

SOURCES: *Engineering News Index **U. S. Bureau of Labor Statistics ***The Borden Company

Accruing depreciation on prewar values while paying inflated prices for necessary replacements is a problem facing all industry as well as our own Company. Depreciation charges are simply not adequate, in these times, to provide enough funds to satisfy the continuous and essential need of keeping our property and equipment up-to-date.

IN THE LABORATORIES

Research — Studying coffee concentration



Control — Testing the richness of milk





For a White House holiday, a pie of Borden Cheese and Mince Meat, baked in the Borden Kitchen

How are we meeting the problem? There are two main sources of funds—we can raise new capital, or we can retain a part of current earnings. In choosing the latter course we used approximately \$9,000,000 from 1947 earnings. This sum was supplemented by some \$3,000,000 from working capital. Funds from these sources and the year's depreciation accruals enabled us to spend \$20,000,000 for capital expenditures, most of which went for sorely needed replacements.

INVENTORIES

Our inventories at the close of the year amounted to \$48,922,300. Although price levels were higher, inventories declined about 15%

from \$57,641,793 a year earlier. Inasmuch as inventories are maintained to cover the needs of our business, and not in the hope of profiting from higher values, our stockpiles were kept to minimum levels.

NET WORKING CAPITAL

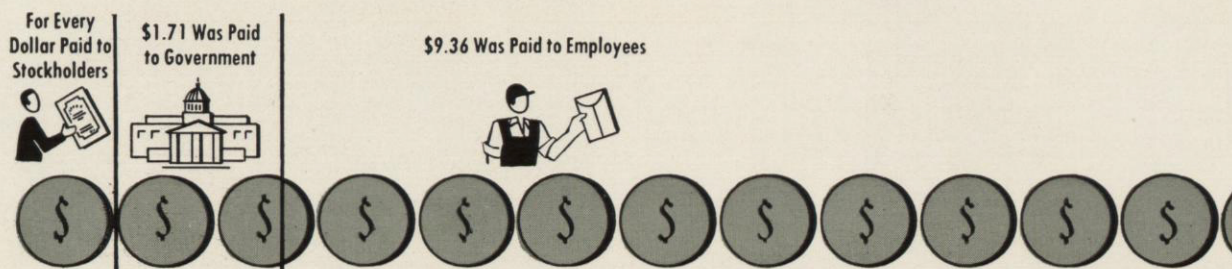
Our current assets were \$122,066,865, and our current liabilities \$32,592,333, resulting in a net working capital of \$89,474,532. Maintaining working capital at this level — the highest in the Company's history — was necessary to meet our capital expenditures and finance the larger dollar volume of business.

Additional financing was required. Our previous borrowing of \$25,000,000, secured by 13 $\frac{3}{4}$ % notes, was enlarged by a loan of \$10,000,000. This was obtained from The Equitable Life Assurance Society of the United States. The entire \$35,000,000 of notes outstanding mature serially until March, 1956, when the balance of \$21,000,000 becomes due.

CAPITAL STOCK

For the first time in our history the number of stockholders in the Company passed the 50,000 mark. At the close of the year, ownership was shared by 50,445 individuals, estates, institutions, etc. The average stockholding was 85 shares, with no individual holding as much as 1%. There were 4,292,000 shares of stock outstanding at the end of the year, as compared with 4,217,000 a year earlier. The Company purchased 14,659 shares, and reissued 89,659 shares to acquire new businesses. As in past years, there were no securities senior to the common stock other than the 13 $\frac{3}{4}$ % notes outstanding.

WHO GOT HOW MUCH?





THE NEW LOOK in Borden packaging

THE COMPANY'S OPERATIONS

ICE CREAM

There was a decline in the volume of ice cream sales. After enjoying four years of steady growth, consumption fell off for several reasons. One was the impact of high living costs on the family budget. Another was the trend toward shorter hours in retailing outlets, which limited the consumer's opportunity to buy.

There were moderate increases in wholesale prices of ice cream. They resulted from higher costs of ingredients, increased labor costs and advances in our operating expenses. In some cases, dealers, in passing increases on to consumers, were forced to widen margins to cover advances in their own costs. This frequently resulted in high resale prices, which were discouraging to consumers. However, the good appetite appeal of ice cream continued to offset unfavorable sales factors to a large extent.

Lady Borden, a new and superior ice cream, was introduced. The first ice cream to be advertised and merchandised on a national basis, it

bolstered our sales volume considerably and showed promise of a good future performance.

Additional outlets for our ice cream were developed. By acquiring a business at Greenville, South Carolina, we entered the Carolinas for the first time. With the Fluid Milk Division a new combination plant was built in Miami, Florida, and construction on others started in New Orleans, Louisiana, and Midland, Texas.

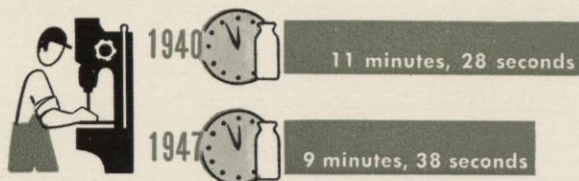
FLUID MILK

Although milk consumption generally declined from its 1946 peak, the volume of fluid milk products sold by our own Company remained at the previous year's high levels. Moderate advances over average 1946 prices, which OPA controlled for the first six months of that year, were reflected in an increase of 14% in dollar sales.

The fluid milk supply was sufficient to meet all needs. Even during the autumn months of low production, shortages were brief and local.

EARNING A QUART OF MILK

Takes Less Time Now Than in 1940 •



BECAUSE Milk Prices Have Risen Less Than Wages

SOURCES: U. S. Bureau of Labor Statistics, U. S. Dept. of Agriculture

Borden's customers did not suffer, however, because fluid milk operations, when short in supply, had priority on the intake of our manufacturing plants. For example, milk from these sources had cared for the needs of our New York City customers long before the Milk Administrator commandeered supplies to assure enough fluid milk for the metropolitan market.

The prewar trend away from home-delivered sales to sales in stores was resumed in some large markets. Higher prices, of course, accelerated this trend. It was most marked in those areas where our wage costs rose to new heights without an accompanying increase in productivity. In smaller cities, the system of home deliveries held its own.

The net income of the Fluid Milk Division was 2.3% of the sales dollar, as compared with 2.5% in 1946. Balanced against low profit earned

on store sales and home-delivered milk is the fact that 27% of the division's sales were of specialties such as cream, cottage cheese, chocolate drink and other items which command a better profit margin than standard milk.

Over a period of years our investment in the fluid milk business has grown steadily. It is being further enlarged by plant modernization and equipment replacements made at extremely high prices. Considering these factors, the present rate of profit is entirely too low.

Inadequate plants were improved or replaced. In addition to three new plants, the Fluid Milk and Ice Cream Divisions remodeled and enlarged combination plants at Oakland, Fresno, and Burlingame, California. Milk plants were modernized at Bridgeport, Connecticut; Houston, Texas; Phoenix, Arizona; and Fond du Lac, Wisconsin.

MANUFACTURED PRODUCTS

Over-all demand for products in this group remained good, despite a cut in Government buying. Supply conditions improved considerably, sugar becoming freely available when rationing affecting commercial users was discontinued on June 30th.

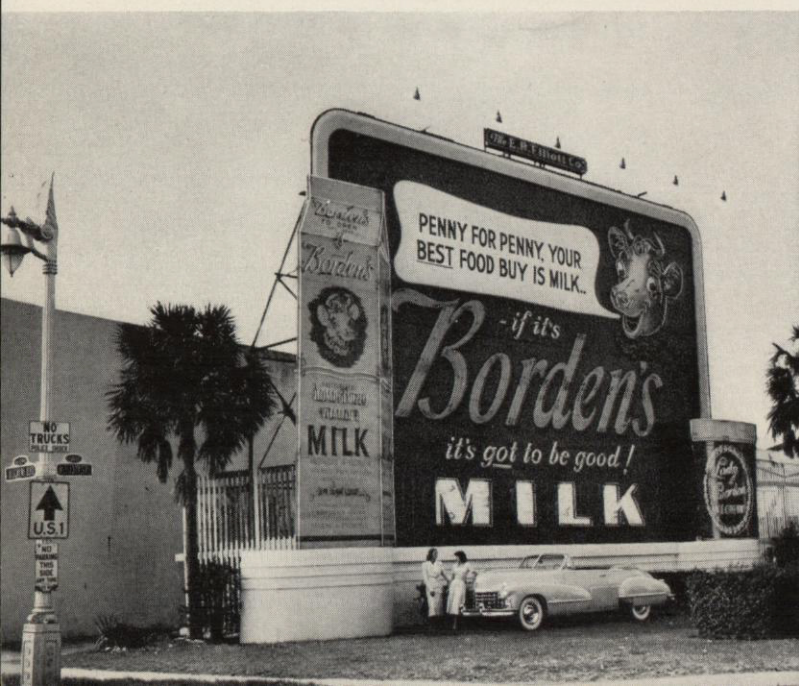
Demand for *Eagle Brand* sweetened condensed milk remained strong even after the end of sugar rationing. Because of severe shortages in the early part of the year, our shipments of evaporated milk declined slightly.

Despite new competition, *Borden's Instant Coffee* rose in popularity and held first position in the pure concentrated coffee field. To meet consumer demand for a larger, more economical package, we introduced a 5-ounce jar during the year. Our new coffee plant at Newport, New York neared completion.

In addition to permitting an increase in the output of *Eagle Brand*, the removal of sugar rationing paved the way for sizeable increases in the sale of *None Such* and other mince meats, *Borden's Chocolate Syrup*, and *Instant Mix*, for making hot chocolate. A new 1-pound package of caramels was introduced under the name of *Borden's Royal Crest*.

Increased production of *Starlac*, a powdered skim milk for household use, was delayed be-

Borden's biggest sign — at the crossroads of the South



cause of difficulties in getting delivery on a new packaging machine, which was specially designed for this product. Installation of the machine at our Arcade, New York, plant will be completed early in 1948.

Sales of some products did not fare so well. Total sales of malted milk declined, a healthy increase in the volume of packaged product failing to offset bulk losses, while *Hemo* sales suffered in the general slump in consumption of fortified food drinks.

EXPORT AND FOREIGN

Hampering our export activities was the general unsettled state of world trade. The year started off promisingly enough, but, as it progressed, the shortage of dollars to pay for American goods became more acute. Improvement, of course, depends upon future trends of international trade.

There was, however, a bright side to this picture. In areas where dollar trading was possible, our business was brisk. Stimulated by vigorous sales and promotional measures, the popularity of Borden's goods increased steadily.

During the year our products were available, either through imports or the output of our foreign subsidiaries, in 149 countries.

Early in 1948 we sold our cold storage and egg business at Shanghai, China. Our plant had been occupied by the Japanese during the war. Profitable operation was no longer possible because of chaotic exchange conditions in China.

CHEESE

Cheese sales were good. The greatest progress was shown by natural bulk cheese. Favoring sales were the strong demand — stimulated by relatively higher prices commanded by competing main dish foods — the large output of cheese, and improved distribution.

In 1948 demand for cheese may be swelled by the program of aid to Europe. Government estimates call for 97 million pounds to be shipped under the Marshall plan during the first six months. In 1947 exports took only a small portion of output, but we made substantial shipments of cheddar to the British government.

A new product, *Cheese 'n' Bacon*, brought

the number of our cocktail spreads to eight. Planned for 1948 is a processed Gruyere cheese, whose production was delayed because of the difficulty in importing special machinery from Switzerland.

Even though American types have displaced imported cheeses to a considerable extent, there is still a market for some European products. The small quantities imported last year were quickly taken up, but conditions abroad make it unlikely that much will enter this country in 1948.

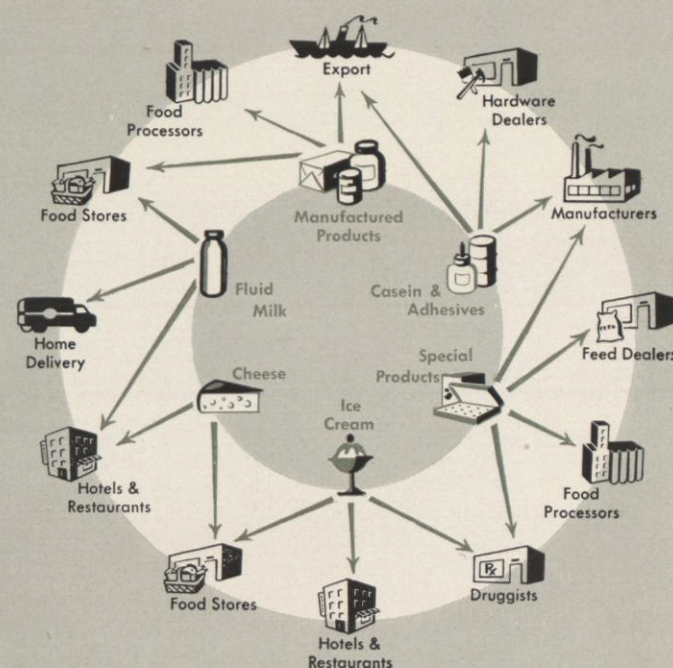
CASEIN AND ADHESIVES

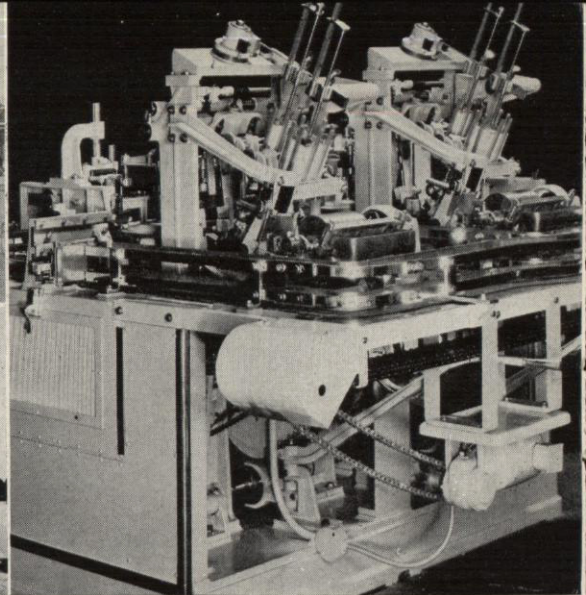
Our activities in the field of industrial resin products were greatly broadened by the acquisition of Durite Plastics, Inc. By adding the *Durite* line of thermosetting synthetic resins, molding compounds and varnishes we supplemented our related operations in casein and synthetic resin adhesives.

Conditions generally were favorable to sales of adhesives. There was a good demand from the plywood and furniture industries, both large users of our products.

Sales were somewhat hindered, however, by the shortages of formaldehyde, phenol and urea — all basic ingredients in some products. To

PRINCIPAL OUTLETS FOR BORDEN PRODUCTS





NEW PLANTS AND EQUIPMENT . . .

meet this situation in part, we doubled the capacity of our formaldehyde production for our own use and outside sales as well. While this gave some relief from shortages on the West Coast, improvement in other areas must await completion of added plant capacity by several of our suppliers. If plans materialize, suppliers should be in a much better position to furnish us materials in 1948.

SPECIAL PRODUCTS

Conditions in the feed field were unsettled, and were reflected in our fortified feed supplement business. Grain shortages and the Government's conservation program both required major shifts in the practices of feed mixers. As a result, sales of our supplements suffered some-

what, but revived in the last part of the year.

There was, however, a heavy demand for soy bean products. Our soy meal and oil operations had the best year in their history.

For sale to poultry and livestock men we introduced three new packaged products in pellet form. They are a *Ration-ayd* for hogs, a companion product for dairy cattle, and *VamPros*, a new poultry feed supplement.

Delayed until 1948 was the completion of our soy bean solvent extraction plant at Kankakee, Illinois, and the plant at Boscobel, Wisconsin, where specialty milk products for the pharmaceutical and food trades will be manufactured. Construction of both was held back by frequent and costly delays. A plant at New Ulm, Minnesota, was purchased and put into operation.

...FOR NEW CUSTOMERS

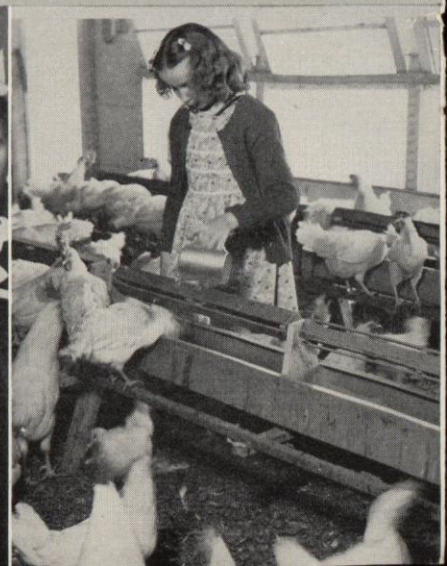
In any Borden city, Milk



In France, Hemo



On any farm, VamPros



PRODUCE DIVISION

Our Produce Division serving the Northern New Jersey area is one of the largest independent distributors of frozen foods. It enjoyed a sharp increase in sales of these items. To accommodate its growing business, it leased an additional building in the Newark produce district. Increases in demand for quality merchandise more than offset volume lost through discontinuing some lines which had been taken on during the war. Sales of produce — poultry, butter and eggs—suffered somewhat, chiefly as a result of the Government's various conservation programs. The division enjoyed a net sales gain, although profits were lower.

CANADA

With the removal of wartime rationing and price controls, Canadian business returned to more normal channels. Over-all demand for products remained good, with ice cream sales showing a striking increase. Milk supplies remained short of requirements and efforts to build them up continued.

Looking ahead to future needs, ground was purchased for a new manufactured milk plant at Kemptville, Ontario, whose completion is planned for 1949. Construction of a new ice cream plant at Quebec City, Quebec, will be started early in 1948.

During the year we completed a three-year program to modernize *Borden's Chateau Cheese* plant at Ottawa, Ontario, to provide additional facilities. As a result the plant is now the most up-to-date and efficient of its type in Canada. We also completed our milk powder plant at Nicolet.

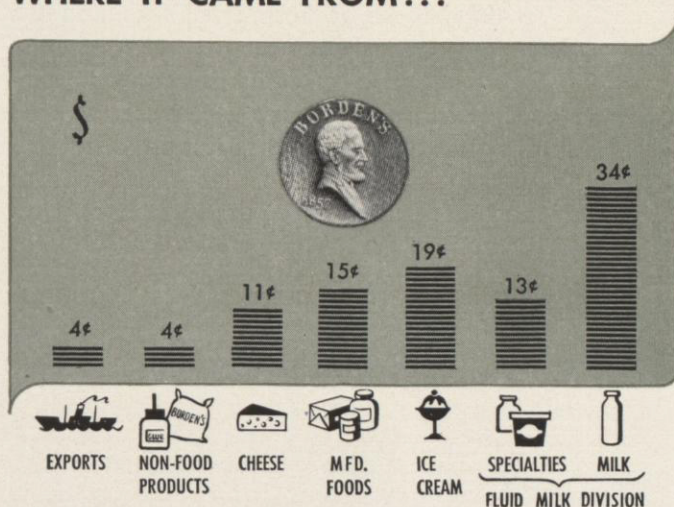
Expanding our ice cream operations we established a new distributing branch at Sudbury, Ontario, which will be supplied from our Toronto, Ontario plant.

Following an investigation of the milk industry in Ontario, the Royal Commission returned a report which helped clarify some little-understood phases of the industry's economics.

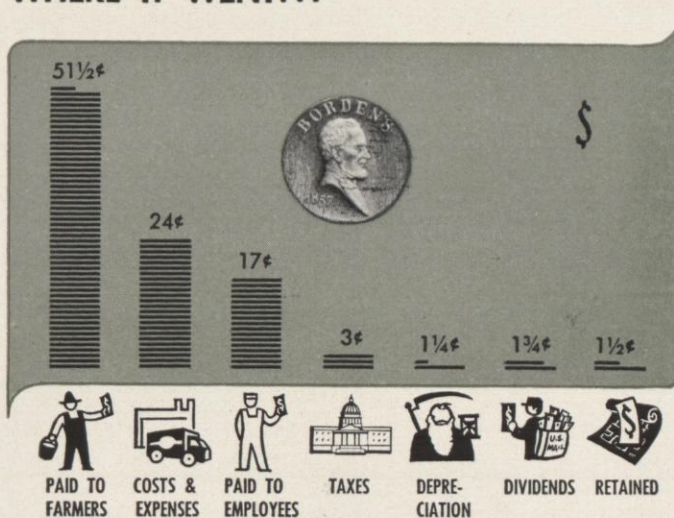
As the result of the adoption of the Borden name by two operating divisions, all the Company's Canadian activities, with the exception

THE BORDEN SALES DOLLAR

WHERE IT CAME FROM...



WHERE IT WENT...



of those of J. J. Joubert, Limitée, which is a separate subsidiary, are now carried on under the name of The Borden Company, Limited.

BORDEN'S IN GENERAL

THE EMPLOYEES

To the benefit of both employees and the Company, the management of each operating division continued to administer its own employee relations. Inasmuch as we are engaged in many kinds of business in hundreds of communities, it is important that labor-management relations are carried on at the local level. Universal application of this policy has brought about better understanding, cooperation and efficiency.

Our contributory group insurance programs were available to all employees. Voluntary participation in all types increased. The group life insurance program covered 19,617 employees, and paid death benefits totaling \$465,500. Two other types of group insurance, accident and health and accidental death and dismemberment, covered 11,232 and 12,432 employees respectively. Benefits totaled \$165,995. Better than 15,000 employees were enrolled in Blue Cross hospital plans.

Rewarding our pioneer work in safety were records which were better than those of comparable companies and industry generally. Despite a greater exposure, resulting from increases

in the number of man-hours worked and miles traveled, the frequency of both employee injuries and vehicle accidents compared favorably with other years. For completing their 15th consecutive year of safe-driving, 550 Borden drivers will be awarded gold watches during 1948.

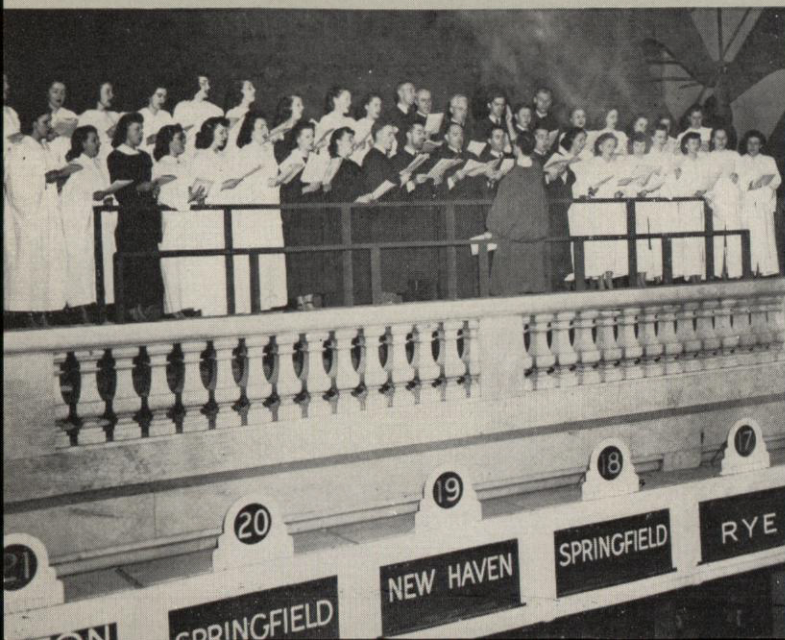
Following the close of their 25th year of employment, 623 men and women joined Borden's Quarter Century Club, swelling its rolls to 3,618. Of the total membership, 246 were in the 40- to 50-year group, and 18 had a half-century or more of service.

ADVERTISING

As in past years we centered our advertising effort on the thesis that the Borden brand on any product assures consumer satisfaction. There was added evidence that this policy of concentrating on a single brand was effective in promoting established products and paving the way for new ones. Our "All-Borden" programs were separate from individual product campaigns, and provided supporting background for them.

The chief vehicle of the All-Borden programs was the Elsie campaign appearing in color in seven national weeklies. Reader interest in this

Carols at Christmas. A Borden Choral cheers shoppers and commuters in Grand Central Station, New York City.



Watches for Safety! A plant safety committee plans to honor Borden drivers with 15-year no-accident records.



series continued to rise and was many times greater than in the average advertisement appearing in the same publications. Contributing to this showing was a contest to select a name for Elsie's new baby. The name, Beauregard, was chosen by the judges from 939,997 contest entries.

We presented two network radio programs weekly—the Borden musical show, now heard at 9 o'clock, E.S.T., on Wednesday evenings, and *County Fair* at 1:30 o'clock on Saturday afternoons. We also sponsored, experimentally, news broadcasts in eight of the Company's principal marketing areas. In Canada, *Canadian Cavalcade* continued high in the favor of Dominion audiences.

Completing a year of experimental telecasting we discontinued television advertising for the time being. Although the medium is undoubtedly effective, there are still too few receiving sets. Thus, the present cost per viewer is too high to warrant the use of television for the promotion of products such as ours.

IN CONCLUSION

This year's results were achieved through teamwork. Thousands of loyal, earnest, and hard-working employees contributed to it. Thanks to their efforts, the judgment and experience of the men in management, and the wise counsel of the Board of Directors, the Company made satisfactory progress.

This report is submitted by order of the Board of Directors. Following it are the financial statements for the year, the certificate of Haskins & Sells, Certified Public Accountants, and special articles on various phases of the Company's activities.

THEODORE G. MONTAGUE,
President



RADIO - 1947

The Borden Show—Leader Mark Warnow draws out the strings.
Canadian Cavalcade — Soloist Norma Locke, Guest Star Jessica Dragonette and other members of the cast meet Sardar Hardit Singh Malik, Indian High Commissioner to Canada.

County Fair — M.C. Win Elliott (left) turns over enough pennies donated by listeners to balance the weight of 72 boys and send them to summer camp.

THE *Borden* COMPANY

CONSOLIDATED BALANCE SHEET

A S S E T S

	December 31	
	<u>1947</u>	<u>1946</u>
CURRENT ASSETS:		
Cash	\$ 42,061,327	\$ 29,004,830
United States and Canadian Government Securities	5,425,810	5,984,098
Receivables	25,657,428	26,678,474
(Less Reserves—1947, \$2,800,172; 1946, \$2,894,600)		
Inventories—At the Lower of Cost or Market:		
Finished Goods		
Materials & Supplies		
1947—\$26,113,385	\$22,808,915	48,922,300
1946— 26,420,373	31,221,420	57,641,793
Total Current Assets	<u>\$122,066,865</u>	<u>\$119,309,195</u>
 INVESTMENTS AND NON-CURRENT RECEIVABLES:		
Unconsolidated Subsidiaries (Foreign and Domestic)	\$ 3,223,896	\$ 3,223,373
United States and Canadian Government Securities on Deposit	793,941	1,887,311
(Pursuant to Workmen's Compensation and Milk Control Laws, etc.)		
Mortgages, Receivables, etc.	6,328,645	7,070,667
Total	<u>\$ 10,346,482</u>	<u>\$ 12,181,351</u>
Less Reserves	1,052,767	1,439,108
Net Investments and Non-Current Receivables	<u>\$ 9,293,715</u>	<u>\$ 10,742,243</u>
 PROPERTY AND EQUIPMENT	\$162,649,180	\$144,943,870
(Principally at cost, but in part at lower valuations established by the Company)		
Less Reserves for Depreciation	73,367,153	69,621,314
(Based upon above property valuations)		
Net Property and Equipment	<u>\$ 89,282,027</u>	<u>\$ 75,322,556</u>
 DEFERRED CHARGES	\$ 1,175,588	\$ 813,445
 TRADE-MARKS, PATENTS AND GOOD-WILL	\$ 1	\$ 1
 TOTAL	 <u><u>\$221,818,196</u></u>	 <u><u>\$206,187,440</u></u>

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES
ET, DECEMBER 31, 1947 and 1946

LIABILITIES

	December 31	
	1947	1946
CURRENT LIABILITIES:		
Accounts Payable	\$ 24,423,500	\$ 25,929,272
(Including current maturities of notes payable—1947, \$1,400,000)		
Accrued Accounts:		
Taxes	2,751,720	2,817,591
(After deducting Treasury Savings Notes equal to accrued U. S. Income Taxes—1947, \$11,400,000; 1946, \$12,800,000)		
Other	5,417,113	6,003,845
Total Current Liabilities	<u>\$ 32,592,333</u>	<u>\$ 34,750,708</u>
NON-CURRENT LIABILITIES:		
Notes Payable (Note 3)	\$ 33,600,000	\$ 25,000,000
Other	29,002	28,230
Total Non-Current Liabilities	<u>\$ 33,629,002</u>	<u>\$ 25,028,230</u>
RESERVES:		
Insurance Reserves	\$ 7,209,647	\$ 7,118,045
For Replacement of Depleted Normal Inventories	1,453,936	2,202,562
Other Reserves	4,806,728	5,087,808
Surplus Reserves:		
For Contingencies	2,000,000	2,000,000
For Possible Inventory Price Declines	5,000,000	5,000,000
For Losses on Unusual Property Disposals	5,000,000	5,000,000
Total Reserves	<u>\$ 25,470,311</u>	<u>\$ 26,408,415</u>
CAPITAL STOCK AND SURPLUS:		
Capital Stock—THE BORDEN COMPANY		
Common \$15 par—Authorized 8,000,000 shares;		
Issued 4,417,958 shares	\$ 66,269,370	\$ 66,269,370
Capital Surplus	14,244,522	13,981,996
Earned Surplus	53,605,098	46,377,984
Total	<u>\$134,118,990</u>	<u>\$126,629,350</u>
Less Treasury Stock—At Cost:		
1947, 125,958 shares; 1946, 200,958 shares (Note 5)	3,992,440	6,629,263
Capital Stock Outstanding (1947, 4,292,000 shares; 1946, 4,217,000 shares) and Surplus	<u>\$130,126,550</u>	<u>\$120,000,087</u>
TOTAL	<u><u>\$221,818,196</u></u>	<u><u>\$206,187,440</u></u>

THE *Borden* COMPANY

STATEMENT OF CONSOLIDATED NET INCOME

For the Years Ended December 31, 1947 and 1946

	Year Ended December 31	
	1947	1946
NET SALES	\$602,959,406	\$542,998,805
OTHER INCOME:		
Interest, Dividends and Royalties	510,766	693,773
Rentals, less expenses of properties rented or unessential to operations	210,845	238,989
Other	784,841	538,358
TOTAL	<u>\$604,465,858</u>	<u>\$544,469,925</u>
LESS:		
Cost of Goods Sold	\$531,595,523	\$471,327,418
Selling, General and Administrative Expenses and Other Charges	40,159,318	38,894,670
Interest Expense	669,305	616,409
Provision for Federal and Other Taxes on Income	12,248,436	14,050,422
TOTAL	<u>\$584,672,582</u>	<u>\$524,888,919</u>
NET INCOME	<u>\$ 19,793,276</u>	<u>\$ 19,581,006</u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Years Ended December 31, 1947 and 1946

	Year Ended December 31	
	1947	1946
BALANCE AT BEGINNING OF YEAR	\$ 46,377,984	\$ 32,515,806
ADD:		
Net Income	19,793,276	19,581,006
Transfers from Reserves		14,693,850
TOTAL	<u>\$ 66,171,260</u>	<u>\$ 66,790,662</u>
DEDUCT:		
Dividends paid (\$2.55 a share in 1947 and \$2.25 a share in 1946)	\$ 10,807,100	\$ 9,508,900
Write-off of Good-will Purchased during the Year	1,759,062	519,839
Appropriations to Reserves		10,383,939
TOTAL	<u>\$ 12,566,162</u>	<u>\$ 20,412,678</u>
BALANCE AT END OF YEAR	<u>\$ 53,605,098</u>	<u>\$ 46,377,984</u>

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Years Ended December 31, 1947 and 1946

	Year Ended December 31	
	1947	1946
BALANCE AT BEGINNING OF YEAR	\$ 13,981,996	\$ 13,836,192
Proceeds from disposal of unessential properties previously written off against Capital Surplus, and fair operating values ascribed to other such properties adapted to some operating use	262,526	145,804
BALANCE AT END OF YEAR	<u>\$ 14,244,522</u>	<u>\$ 13,981,996</u>

NOTES TO FINANCIAL STATEMENTS

(1) The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company and its other subsidiaries. The Statement of Consolidated Net Income does not include the Company's share (approximately \$1,800,000 for 1947 and \$715,000 for 1946) in the net income of unconsolidated foreign and domestic subsidiaries, from which companies no dividends were received during those years.

(2) Assets and liabilities at December 31, 1947 and net income for the year ended that date of Canadian subsidiaries are included in the accompanying statements at parity of exchange.

(3) Notes payable at December 31, 1947 (including current maturities, \$1,400,000) consist of \$35,000,000, 1 $\frac{3}{4}$ % Serial Notes maturing \$1,400,000 annually commencing 1948 to and including 1951, \$2,100,000 annually commencing 1952 to and including 1955, and the remainder in 1956. The loan agreements provide that, without the written consent of the lenders, the Company will not pay any dividends if thereafter the net current assets of the Company and its consolidated U. S. subsidiaries would be less than \$42,000,000 while notes outstanding are in excess of \$25,000,000. Such net current assets at December 31, 1947 amounted to \$83,449,957.

(4) The last-in, first-out method is employed in costing out inventories of certain products in order to reflect current cost of production in cost of goods sold. In 1947, the method of costing out inventories of another commodity was changed to last-in, first-out. If this change had not been made, net income for the year 1947 would have been approximately \$137,000 greater. As an extension of this method, a reserve has been provided so that the quantities by which normal inventories of these products have been depleted, when subsequently restored, may be carried at the previously established last-in, first-out valuation.

(5) Capital stock of the Company held in the treasury at December 31, 1947 and 1946, includes 48,500 shares reserved under the Officers and Employees Stock Option Plan as approved by the stockholders. Of the shares so reserved, 15,000 relate to options at \$36.25 a share, granted on March 31, 1945 and expiring on March 30, 1950, and 33,500 shares relate to options at \$45.75 a share granted on January 3, 1946 and expiring on January 2, 1951. The option price in each case was \$1.00 more than the latest sale on the New York Stock Exchange preceding the date of the issuance of said options.

(6) Provision for depreciation charged to operations was \$7,703,212 for 1947 and \$6,791,453 for 1946.

(7) At December 31, 1947 the Company had outstanding open letters of credit and guarantees of bank loans to foreign affiliated companies in amounts aggregating approximately \$1,450,000.

ACCOUNTANTS' CERTIFICATE

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

1 EAST 44TH STREET
NEW YORK 17

February 20, 1948

THE BORDEN COMPANY:

We have examined the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1947 and the related statements of consolidated net income, earned surplus, and capital surplus for the year ended that date. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated net income, earned surplus, and capital surplus, with the notes pertaining thereto, present fairly the financial condition of the companies at December 31, 1947 and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change indicated in Note (4) which we approve.

Haskins & Sells

COMPARISON WITH OTHER YEARS

FINANCIAL POSITION

	1947	1946	1945	1944	1943	1942	1941	1940	1939
ASSETS:									
Cash	\$ 42,061,327	\$ 29,004,830	\$ 30,133,484	\$ 33,972,396	\$ 26,470,542	\$ 22,763,267	\$ 20,321,433	\$ 20,147,814	\$ 20,291,907
Securities	5,425,810	5,984,098	27,806,725	9,656,545	9,844,919	9,586,708	4,489,075	4,412,912	5,411,811
Receivables	25,657,428	26,678,474	17,369,830	20,877,457	17,199,554	16,459,548	18,089,718	12,794,346	12,236,450
Inventories	48,922,300	57,641,793	31,474,676	34,192,113	34,249,927	28,847,337	28,695,550	17,895,422	17,514,226
Investments and Non-Current Receivables	9,293,715	10,742,243	6,879,612	8,346,748	6,470,531	3,165,185	3,209,262	2,908,644	2,545,870
Property and Equipment	89,282,027	75,322,556	65,235,310	64,839,491	66,535,599	68,964,011	69,378,011	67,220,328	66,813,239
Deferred Charges	1,175,588	813,445	876,544	958,560	1,132,595	1,018,063	902,581	939,747	901,429
Trade-Marks, Patents and Good-Will	1	1	1	1	1	1	1	1	1
Total Assets	\$221,818,196	\$206,187,440	\$179,776,182	\$172,843,311	\$161,903,668	\$150,804,120	\$145,085,631	\$126,319,214	\$125,714,933

LIABILITIES:									
Current Liabilities	\$ 32,592,333	\$ 34,750,708	\$ 27,897,499	\$ 24,697,992	\$ 22,926,455	\$ 19,282,081	\$ 20,902,424	\$ 15,208,347	\$ 16,251,163
Non-Current Liabilities	33,629,002	25,028,230	12,933,520	13,835,025	10,637,506	11,376,014	11,833,716	329,744	189,044
Total Liabilities	\$ 66,221,335	\$ 59,778,938	\$ 40,831,019	\$ 38,533,017	\$ 33,563,961	\$ 30,658,095	\$ 32,736,140	\$ 15,538,091	\$ 16,440,207

STOCKHOLDERS' FUNDS AND RESERVES:

Reserves	\$ 25,470,311	\$ 26,408,415	\$ 31,727,847	\$ 30,409,097	\$ 24,702,056	\$ 17,292,640	\$ 11,464,736	\$ 11,907,202	\$ 11,619,692
Capital Stock and Surplus	130,126,550	120,000,087	107,217,316	103,901,197	103,637,651	102,853,385	100,884,755	98,873,921	97,655,034
Total Stockholders' Funds and Reserves	\$155,596,861	\$146,408,502	\$138,945,163	\$134,310,294	\$128,339,707	\$120,146,025	\$112,349,491	\$110,781,123	\$109,274,726

OPERATING RESULTS

	1947	1946	1945	1944	1943	1942	1941	1940	1939
RECEIPTS:									
Sales	\$602,959,406	\$542,998,805	\$459,454,880	\$410,478,189	\$371,866,527	\$325,350,306	\$259,128,514	\$216,795,850	\$208,789,250
Other Income—Net	837,147	854,711	620,110	1,068,018	908,484	187,914	464,603	486,420	490,891
Total	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270	\$209,280,141

DISPOSITION:

Farmers	\$310,296,989	\$290,509,180	\$216,176,520	\$196,866,197	\$183,775,086	\$153,263,042	\$122,949,621	\$ 98,849,943	\$ 87,753,092
Payroll	101,175,326	89,000,822	74,180,581	67,963,166	62,364,299	57,968,360	52,319,148	50,333,858	51,380,063
Taxes	18,461,259	19,371,222	32,908,596	30,281,637	21,954,543	15,096,404	8,593,518	6,477,171	6,720,632
Depreciation	7,703,212	6,791,453	6,758,104	6,448,415	6,442,955	6,483,314	6,194,108	6,016,187	6,226,193
+ All Other Costs and Expenses	146,366,491	118,599,833	*117,957,217	*99,998,798	*88,832,423	*84,347,446	*61,266,150	48,022,494	49,220,324
Dividends to Stockholders	10,807,100	9,508,900	7,623,711	7,267,990	6,521,573	6,134,210	6,148,316	6,155,386	6,155,386
Put Back in the Business	8,986,176	10,072,106	4,470,261	2,720,004	2,884,132	2,245,444	2,122,256	1,427,231	1,824,451
Total	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270	\$209,280,141

*Including inventory variations. *Including reserve provisions due to wartime conditions.

THE STORY OF THIS REPORT

When our Company was very young, its owners knew almost everything that went on in the business. Keeping posted was not hard because the Company was small and there were only four stockholders. It is not difficult to picture them meeting together in Gail Borden's tiny office and our first President reaching for the account book to show them how well or badly the business was doing.

Ninety years brought many changes in the Company. It grew to a great enterprise. And its ownership changed, eventually becoming a body of 50,000 men and women, each concerned with his own affairs, too busy and too far away to follow in detail the doings of the Company.

America and its people changed also. So vital to our economic life have corporations become

pany's Annual Report, once covered in a brief visit to the President's office, now requires considerable work and the services of many Company people.

The President and other officers, the accountants, economists, writers, photographers and artists all are drawn into the preparation of the Report.

During the year, the bookkeepers record millions of transactions. Their work begins with the smallest Borden branch, which reports regularly to district headquarters. In turn, the districts assemble their figures and transmit them to their respective operating divisions. When the statistics of these divisions are combined the result is the Company's operating statement—the figures which tell how much was received



Millions of sales are recorded every year. The stream of sales and expense figures is carefully audited and the operating results reported to the Government and stockholders by the Company's management.

that what once concerned only stockholders is now a matter of widespread interest. The Government and the people—customers, employees, suppliers—all recognize their dependence upon business and follow its activities.

In an audience as vast as this there are many who know little about the economics of business or the formal terms used by accountants. Reaching all these people, and the financial community as well, calls for a clear, complete report whose preparation is a sizeable undertaking. Just as Gail Borden's simple account book has been succeeded by a corps of accountants, equipped with modern calculating machinery, so the Com-

pany's Annual Report, once covered in a brief visit to the President's office, now requires considerable work and the services of many Company people.

Of course, the work of keeping the Company's books is far more complicated than this simple outline indicates. There are the regular audits by the Company's own accountants, who oversee the thousands of accounts which are needed in the operation of every business as large as ours.

Then there are the independent Certified Public Accountants, whose job is to review and verify the work of our own men. The CPAs make certain that approved accounting practices and the regulations of the Federal Securities and

Exchange Commission are followed. If, in the CPAs' opinion, our Report fairly presents the Company's financial condition and operating results, they issue a certificate, such as appears on page 18, as evidence of their approval.

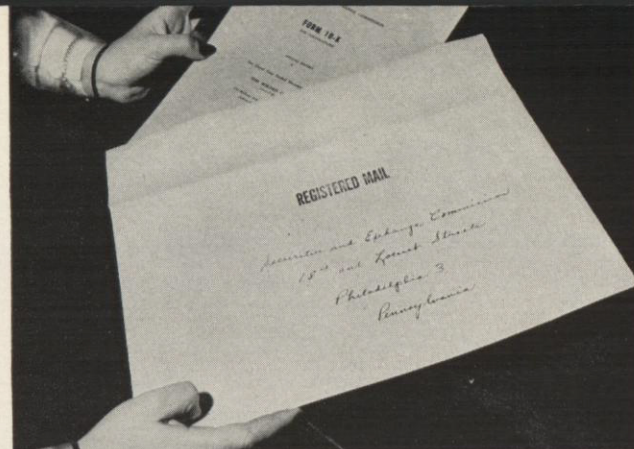
Keeping a sharp eye on financial reporting is Uncle Sam. His SEC, established to protect investors, sees to it that profits are not *overstated*. The Treasury, drawing a good part of its revenue from corporate taxes, makes certain that profits reported for tax purposes are not *understated*. Another factor preventing understatement is SEC's requirement of accurate reporting backed up by a CPA's certificate. And the Internal Revenue Department makes its own audit of profit figures for tax purposes.

While financial statements are the backbone of the Report, they give only results and fail to tell the interesting story behind them. The overall account of operations is a very important part of the Report and is handled by the President with the help of other officers.

Within a month after the year has ended most of the work on the Report is finished. The writing has been completed, the type set and the engravings made. Throughout the country calculating machines are working far into the night. Slowly the huge mass of statistics moves into the New York office. As each step toward the Report's completion is taken the CPAs make their final check. At last, all is in readiness awaiting only one thing — the accountants' certificate.

When it is received, the big drive against time begins. The final approved figures are hurried into type, proofs are carefully checked and the big presses start rolling. Printing and binding the tens of thousands of copies of the Report that are needed takes about two weeks. Then, the finished Reports are rushed to The Chase National Bank which, as our dividend disbursing agent, keeps the mailing lists of our shareholders. It requires about four days to complete the mailing to stockholders who must have ample time to study the Report before the Annual Meeting is held.

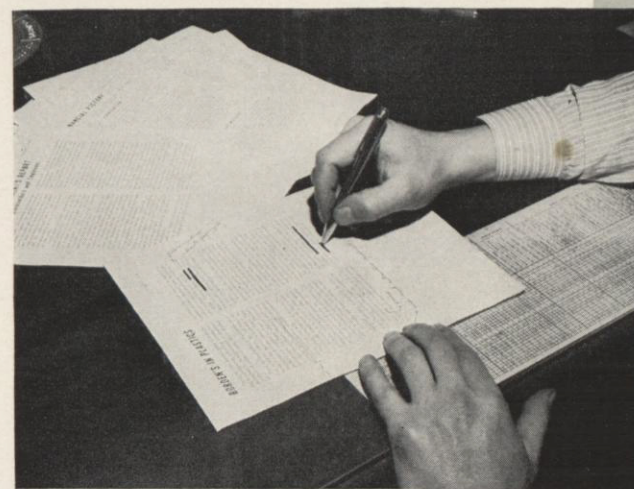
The last mail truck pulls out, another chapter in the Company's history has been written—but the job is not finished. Already the task of collecting facts and figures for the 1948 Report is under way—and has been for two months.



Uncle Sam demands cold facts



Report is planned to give a clear, accurate picture to every reader

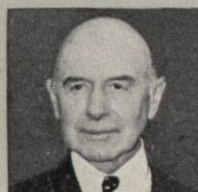


THE DIRECTORS

Representing the 50,445 stockholders who own the Company is our Board of Directors. Its members are elected every year by the stockholders, who for each share owned may cast one vote for each Director. To the Directors is entrusted the responsibility of representing the stockholders' interests, and guiding the corporation's affairs along lines of the public interest as well. Generally speaking, the Directors have full powers. In some matters, however, they must seek the approval of the stockholders before acting. Our Board includes Borden operating men, who are close to Company problems, and directors from outside the organization, whose knowledge and experience gained in other fields are important to the Company.



THEODORE G. MONTAGUE
is our President. Starting in the evaporated milk business, he later headed the Kennedy Milk Company of Madison, Wisconsin, which Borden's acquired in 1928. A vice president in 1935, he became president in 1937. Director since 1937.



ALBERT G. MILBANK
is our Board Chairman. Grandnephew of Jeremiah Milbank, co-founder of Borden's, he has been associated with us since 1902. He is senior partner of Milbank, Tweed, Hope & Hadley, attorneys. Director since 1911, Chairman since 1917.



HAROLD W. COMFORT
is our Executive Vice President. In the metropolitan New York area, he was director of ice cream sales, later becoming chairman of the fluid milk district. A Borden vice president in 1937, he took his present post in 1944. Director since 1938.



CHARLES A. ECKBURG
is vice president in charge of cheese operations. Leaving the United States Department of Agriculture, he joined us in 1928, took his present post in 1943. Director in 1947.



L. MANUEL HENDLER
is chairman of our South East District, at Baltimore, Maryland. In 1912, he organized the Hendler Creamery Company, which we acquired in 1928. Director since 1930.



ROBCLIFF V. JONES
was vice president in charge of ice cream operations before retiring in 1946. Prior to that he was the president of our Reid Ice Cream Corporation. Director since 1928.



CHARLES F. KIESER
is vice president in charge of our Special Products Division. With us first in 1913, he left to set up Kasco Mills, returned in 1936, became vice president in 1941. Director in 1947.



LESTER LE FEBER
was vice president of the Gridley Dairy Company, Milwaukee, Wisconsin, when it was acquired in 1928. He retired from active duty in 1939. Director since 1935.



MADISON H. LEWIS
was president of our Pioneer Ice Cream Division, and later chairman of the Metropolitan New York Ice Cream District until his retirement in 1945. Director since 1936.



MARCUS M. MUNSILL
is associated with Spencer Trask & Company. A descendant of Gail Borden, he served as an advisor to the Food Section, War Production Board. Director since 1935.



THOMAS I. PARKINSON
is president of The Equitable Life Assurance Society of the United States. A lawyer and an authority on legislation, he serves on several boards. Director since 1934.



HENNING W. PRENTIS, JR.
is president of the Armstrong Cork Company. He is a director of the United States Chamber of Commerce and the National Industrial Conference Board. Director since 1944.



BEVERLEY R. ROBINSON
is a lawyer and a member of the firm of Milbank, Tweed, Hope & Hadley. He has served as a member of the New York General Assembly. Director since 1927.



HARRY A. ROSS
is a vice president. Formerly on the faculties of the University of Illinois and Cornell University, he came to Borden's as an economist in 1929. Director since 1939.

THE STOCKHOLDERS

WHO OWNS BORDEN'S? That's a good question, and it has an interesting answer. Borden's is owned by as many different kinds of people as make up America. Coming from every walk of life, and representing all economic groups and practically every profession and trade, the membership of our stockholder family in 1947 passed the 50,000 mark for the first time.

Borden's is owned by the same kinds of people as own most of America's large companies. About half of them are women, and more new stockholders are classified as housewives than come under any other heading. Some own as little as a single share, and no individual's stockholding is as much as 1% of the total shares outstanding.

Largest of the stockholders is one of America's oldest charitable and benevolent foundations which, for more than 40 years, has depended to a considerable degree on Borden dividends to finance its work in public health and education.

The *average* Borden stockholder is the owner of 85 shares of stock. He may live in any of the 48 states or Canadian provinces where the ownership of the Company is centered. His dividend checks during 1947, provided he owned his stock through the year, totaled \$216.75.

The present popular ownership of Borden's and other American companies is the result of

several developments. As corporations grew they needed more capital to finance their activities; and, as Americans prospered, more and more people had savings to invest.

Considering that its stock is so widely held, how does Borden's know so much about its owners? The knowledge about the stockholder family is drawn from the Continuing Study of Company Ownership, which was started in 1944. Although this study applies only to *new* investors in the Company, so many thousands of individual reports have been tabulated that the information is presumed to apply to the stockholder family in general.

When a person invests in Borden's he receives from the Company's president, in addition to a letter of welcome, a questionnaire which he is asked to fill out. Since the form asks some personal questions, the new stockholder is requested not to sign it. But his answer, tabulated with thousands of others, helps to provide a cross section of over-all Company ownership. Originally, the study was intended to acquaint management more intimately with stockholders' interests so that it might better discharge its responsibility of reporting Company activities to them. But the survey has gone beyond this to shed interesting light on the general question of, "Who owns American business?"

Borden's STOCKHOLDERS— From every walk of life

An analysis of the last 2500 persons who answered "Continuing Study of Company Ownership" Questionnaires in 1947.



EDUCATORS &
TEACHERS 80



INDUSTRIAL &
SKILLED WORKERS 87



INSURANCE &
SALESMEN 145



HOUSEWIVES 679



PROFESSIONAL
WORKERS 348



RETIRED 329



MANAGERS &
EXECUTIVES 208



PROPRIETORS &
STOREKEEPERS 187



OFFICE WORKERS 140



FARMERS 33



BANKERS 39



OTHERS 225

REVUE OF 1947 . .



From the entries in Elsie's diary, 1947 appears as a year of triumph. There was a successful barnstorming tour, and a most satisfactory run on Broadway. There were tributes that would have turned the heads of less seasoned stars. There were crises, too, problems of a kind that trouble stage folks—but Elsie emerged from them more solid with her public than ever before.

Motherhood came to Elsie—in a highly publicized manner. The great moment occurred during her Broadway appearance. (Macy's IS on Broadway—at 34th Street!) Elsie called off her personal appearances—for a day—while her press agent breathlessly reported "It's a

boy!" Good trouper that she is, Elsie cheerfully opened her family circle to the public. Resuming her run at Macy's with her little calf, she took all the excitement in her calm bovine stride.

The country loved it. Elsie's fans had not been caught unprepared—there had been an inkling from their favorite columnists. The nation's interest in the birth itself was reflected by the press which responded with reams of publicity. And the advertising men rushed forward with the announcement of a \$25,000 contest to name the little fellow.

For three months all America seemed to be flooding the mails with suggestions about what the name should be. All in all, there were 939,997 entries—each accompanied by a Borden label. Finally, the judges came to their decision, and a check for the grand prize of \$7,500 was hurried down to a lady in Kirkwood, Missouri, who had proposed the winning name and written the best essay explaining why.

The name was BEAUREGARD! Elsie was aware that Elmer would feel uncomfortable about so elaborate a name and that, in years to come, Beauregard himself might be less than enthusiastic about it. But, she counselled her family that, as good citizens, they should know that judges are always right, and accept their choice gratefully.

From the start, Elsie generously shared the spotlight with Beauregard. Although others warned that revealing an actress' domestic life might dim her glamor, Elsie felt that her appeal was of a different kind. Before Beauregard's arrival she had played to full houses at the



Hit of the year was Beauregard! Nearly a million contestants tried to name him, throngs came to see him. Mrs. Gurnee Williams won \$7,500 first prize.

starring

ELSIE



Florida State Fair and the World Air Show at Philadelphia. Then she found the enthusiasm unabated at the Canadian National Exhibition, The Texas State Fair, the Allegheny Free Fair, and New York's Grand Central Palace—all runs co-starring Beauregard.

The other problem involving Elsie's career was a universal one. After each performance she awaited the reviews, just to see what the newspaper boys would say, and every morning she peered anxiously in the mirror, searching for cow's feet. After all, she had been starring for more than ten years and the public is fickle!

But the folks at the box office told her not to worry, that everything was just dandy. Her



fame was undimmed. Time had but added luster to it. Quite apart from the very successful contest was the evidence piled up by the people at The Psychological Corporation. In 1946, their surveys showed 63% of the public knew Elsie;

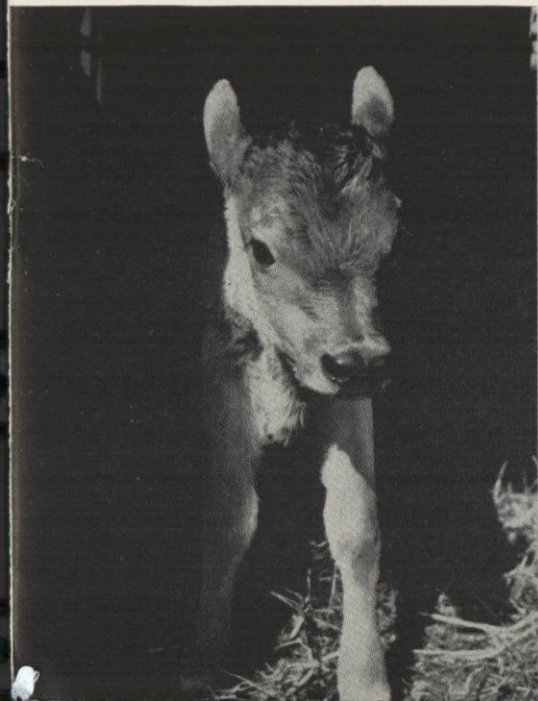
in 1947, the figure rose to 73%. Other studies showed that more people than ever before knew also what company Elsie works for, and liked her and her employer.

There were other tributes, too. Elsie's friends published ELSIE'S ALMANACK, a book crammed with facts about her. So great was the demand of Elsie fans for souvenirs that new novelties bearing her name and likeness appeared, and factories started turning out additional ones for 1948.

If Elsie loved all this (and she did) the Borden men and women loved it and her even more. Hardly an advertisement appeared without her as a spokeswoman, and more and more Borden packages carried her picture.

To the public Elsie is a personage, regarded with affection and amusement, but she is all this and something more to Bordenites—she is their No. 1 saleswoman.

This Is Beauregard



Checking Baby's Weight



Elsie and Admiral Nimitz



BORDEN'S IN PLASTICS

During the year, Borden's policy of diversifying its manufacturing and selling activities was highlighted by the acquisition of an important producer of industrial resins, Durite Plastics, Inc.

Durite was established in Philadelphia more than a quarter century ago and brings to Borden's a fine heritage of leadership in the development of certain types of plastics. These products now augment our Casein Division's line of casein and plastic adhesives. Although our new Durite Plastics Division is small when compared with the Company's over-all operations, it greatly strengthens our program for expanded activity in non-food fields.

The synthetic resins produced by Durite are the workhorses of the plastics industry. We sell them in the form of plastic molding compounds to many leading manufacturers of durable goods. Durite makes no products for actual home use.

Through the use of heat and pressure, our customers transform our plastics into a wide variety of familiar items; such as telephones, the handles and bases for home electrical appliances and much automotive equipment.

Two outstanding examples of the type of service being rendered to heavy industries by our Durite Plastics Division are:

PRECISION GRINDING WHEELS: In these, abrasive grains are embedded in Durite plastic which is then formed into the heavy duty grind-

ing wheels which have proved so important to modern industry. Without them, the forgings and castings used in automobiles could not be mass-produced with such exactness.

BRAKE LININGS: Here, fillers such as asbestos fibers and our Durite pulverized resins are combined under heat and pressure to form the brake-linings used in all types of vehicles.

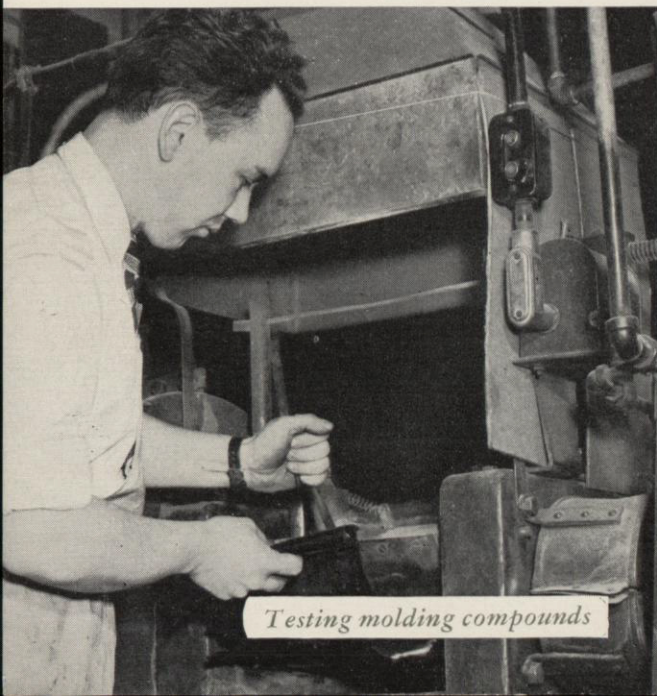
In wartime, the types of plastics produced by Durite were extensively used in the manufacture of aircraft parts and a long list of items essential to mechanized warfare. In peacetime, these resins are found in the huge variety of durable plastic goods being sought by housewives and manufacturers alike.

To keep pace with the lively demand for durable plastics, at home and abroad, expansion of Durite's activities is under way, with a substantial production increase in view during 1948.

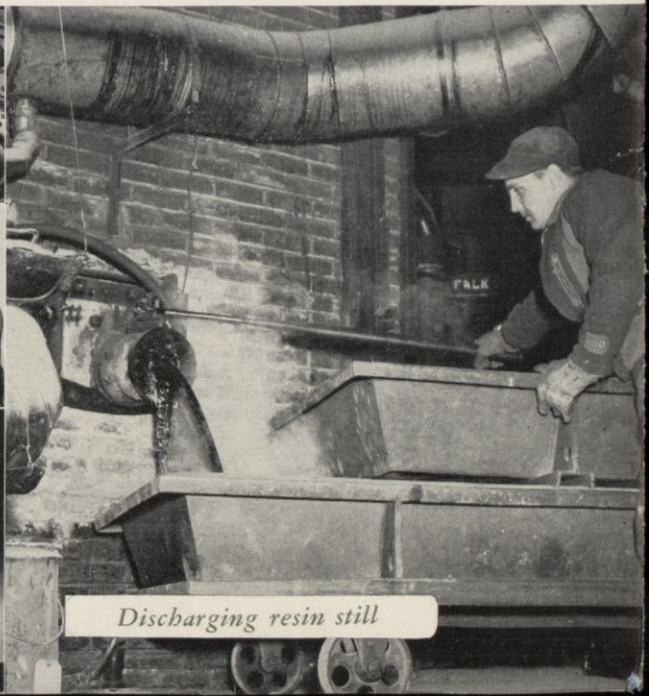
In addition to molding powders, the division also produces a line of high quality oil soluble resins which are used in the manufacture of clear varnishes, lacquers, enamels and paints for inside and outside surfaces.

Pioneers in the industrial plastics field, Durite chemists and engineers have developed more than 100 patents on synthetic resins and production processes. Durite's entire staff of executives, scientists, technicians and other workers are welcome additions to the Borden family.

Durite synthetic resins, basic in many necessary items, serve industry, business and the public



Testing molding compounds



Discharging resin still

OUR MARKET BASKET

Just as any housewife, Borden's does a daily shopping stint. On an average day, our huge market basket contains at least 500 different items which are used in our business. It's a heavy basket, too, with some things weighing less than an ounce and others filling a string of freight cars. Prices range from a fraction of a penny for a bottle cap to \$72,000 for a coffee drier. And, like any good housewife, Borden's purchasing agents know where to get the best values—the right quality at the right price.

The diversity of the Company's operations complicates our shopping job greatly. Our purchasing agents must be able to talk the language of the farmer, the engineer, the millwright, the produce man and a host of others. In addition to the General Purchasing Agent in New York, there are eight divisional purchasing offices, as well as local plant buyers and special procurement departments.

Including such varied items as canaries and homogenizers, the Company's total purchases add up to an impressive figure. Last year, for example, the bill for milk and all other supplies ran well over \$350,000,000.

Peeking at Borden's shopping list you are startled by the variety found there. One day there are carloads of fuel oil and coal, wooden spoons, nectarines and nuts. But another day may reveal mink coats, a special strain of white

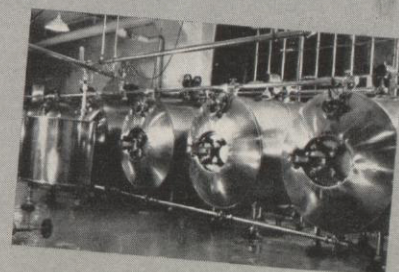
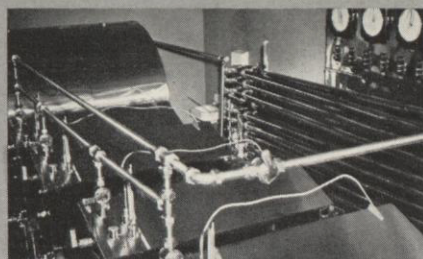
mice, and a powder puff—the last-named for Elsie. Particularly discouraging to order-takers is a request from the lab men for dibromothymol-sulfonphthalein.

Our biggest purchases are tin-plate for cans, sugar for ice cream and condensed milk, trucks and gasoline for deliveries and millions of containers made from wood, metal, glass and paper. Heavy in demand are maintenance supplies as well as the huge quantities of cocoa products, raisins, fruits, nuts, flour and malt.

The housewife's problem of buying high quality sheetings is just as tough for our purchasing agents who must find the immense yardage of cotton and sateen cloths needed in our powdered milk operations. Also, they must know where to buy a special seawater for testing marine glues, and aviator's high altitude flying suits, hats and mittens for the men who work in sub-zero ice cream hardening rooms. And nets, hawsers and fleet flags must be bought for Borden shark-fishing boats.

A Borden purchasing agent must know how to get things delivered in a hurry—sometimes working with our own Traffic Department to provide the necessary freight cars, trucks or airplanes. He's on call at all hours of the day, must be able to anticipate the needs of the entire Borden family and, like any housewife, his work is never done.

Borden's market basket contains new bottles, machinery, bats for Elsie and hundreds of other items



BORDEN PRODUCTS DIRECTORY

UNITED STATES

CONDENSED MILK—Borden's Eagle Brand. *Sold sectionally:* Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK—Borden's.

FOOD DRINKS—Borden's Hemo; Borden's and Thompson's Malted Milk, Plain and Chocolate Flavor; Instant Mix—for making Hot Chocolate; Chocolate Flavored Syrup. *Limited Distribution:* D-Q—Vitamin Fortified Fluid Milk.

COFFEE—Borden's Instant Coffee.

CHEESE—Liederkrantz Brand Cheese; Military Brand Camembert. Bulk Natural Cheese (all varieties); Borden's Swiss; Dutch Maid Brand Limburger. Package Cheese: Chateau, Borden's Process Cheese, Borden's Eagle Brand Cream Cheese, Borden's Wej-Cut Cream Cheese, Borden's Cocktail Cheese Spreads, Borden's Grated Cheese, (American and Italian Styles). Imported Cheese as available.

CONFECTIONERY—Borden's Royal Crest Caramels.

MINCE MEAT—Borden's None Such.

MILK SUGAR—Bulk Milk Sugar and Bulk Beta Lactose.

PRESCRIPTION PRODUCTS—Biolac, Dryco, Mull-Soy, Beta Lactose, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk, Powdered Skimmed Milk, Gerilac and Protolac.

POWDERED MILK—*Limited distribution:* Borden's Klim; Starlac. *In bulk only:* Parlac Brand Whole Milk. Breadlac, Starlac and Certora Brands Non-Fat Dry Milk Solids.

OTHER DEHYDRATED PRODUCTS—*In bulk only:* Dry Whole Egg, Drimix; Powdered Orange and Lemon Juices.

POULTRY AND ANIMAL FEED SUPPLEMENTS, DOG FOOD—Flaydry, Flaydry "D", Ladpro, Ration-ayd, VamPros, Hopro, Cavpro, Bospro, Petpro, Furpro and Fish Meal. Vitamin A & D Products; Products for Poultry and Livestock. Ration-ayd Emulsion for Livestock, Poultry and Pets. Armstrong Dog Meal, Dog Pellets, Esbilac.

ICE CREAM, DAIRY, CANDY AND BAKERY PRODUCTS—Chocolate, Orange, Grape and other Syrups, Fudges, Flavoring Extracts (Liquid and Powder). Dry Ice Cream Mix, Golden Whip, Silver Whip, Egg Powders, Chocolate Flavored Powder for Dairy Drinks, Baiz Duolizer, Cheese Coating for Popcorn, Soyco, Powdered Shortening.

SOY PRODUCTS—Refined and Specially Prepared Soy Oils, Edible and Industrial; Soy Bean Oil Meal, Lecithin Products.

VITAMIN PRODUCTS—Vitamin A Oils and Concentrates. Synthetic Vitamins, Natural A and D Concentrates, Vitamin Fortification for Fluid Milk, Vitamin Specialties for Food Fortification. Labco Products—Casein for Food and Pharmaceuticals, Lactalbumin, Amino Acids, Folic Acid.

CASEIN PRODUCTS—Bulk casein. Casco casein glues, label glues, flexible cements, wall size. Protovac, Cascolac and Cascorez sizing and finishing products.

SYNTHETIC RESINS AND ADHESIVES—Cascamite urea-resin glues and sizing. Cascophen phenol and phenol-resorcin resin glues and impregnating solutions. Cascorez polyvinyl resin emulsions. Durite phenol and resorcin casting and molding resins.

CANADA

CONDENSED MILK—Borden's Eagle Brand, Reindeer Brand.

EVAPORATED MILK—Borden's.

COFFEE—Borden's Instant Coffee.

POWDERED MILK AND CREAM—Borden's Klim, Trucream, Trumilk, Drimilk, Milkstock, Breadlac and Starlac. High Protein Milk Supplement.

PRESCRIPTION PRODUCTS—Dryco, Klim, C.M.P. Powdered Lactic Acid Milk and C.M.P. Powdered Protein Milk, Mull-Soy, Beta Lactose.

CHEESE—Borden's Processed Loaf and Package Cheese, Chateau, Baumert Cream Cheese, Canabec Cream Cheese, also Wej-Cut Cream Cheese, Blufort Cheese.

POWDERED FRUIT JUICE—Borden's C.M.P. Brand.

EGGS—Powdered and Frozen.

CONFECTIONERY—Borden's Caramels.

VITAMIN PRODUCTS—Fish Liver Vitamin Oils.

MALTED MILK—Plain or Chocolate Flavored—Borden's.

FLUID MILK AND ICE CREAM

ICE CREAM is sold as Borden's, Lady Borden, or such local brands as Hendlers, Horton's, MelOrol, Reid's, etc., in many areas in the following states: Alabama, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Vermont, West Virginia, Wisconsin. In Canada, it is sold in Ontario and Quebec.

FLUID MILK and other products handled on routes are sold as Borden's, or such local brands as Castanea, Joubert, Mitchell, Moores & Ross, etc. They may be purchased in many communities in the following states: Arizona, Arkansas, California, Connecticut, Florida, Illinois, Indiana, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, Ohio, Oklahoma, Texas, Vermont, West Virginia, Wisconsin. In Canada, they are sold in communities in Ontario and Quebec.



DESSERT CHEESES



CONDENSED MILK



DAIRY SPECIALTIES



FLUID MILK & CREAM



POWDERED WHOLE MILK



ICE CREAM NOVELTIES



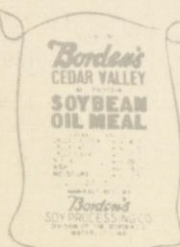
MINCE MEAT



CHEDDAR CHEESE FOODS



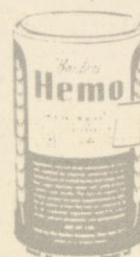
HOUSEHOLD GLUE



SOY BEAN MEAL & OIL



ICE CREAM



FOOD BEVERAGES



Joel

